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TRUSTS & ESTATES®

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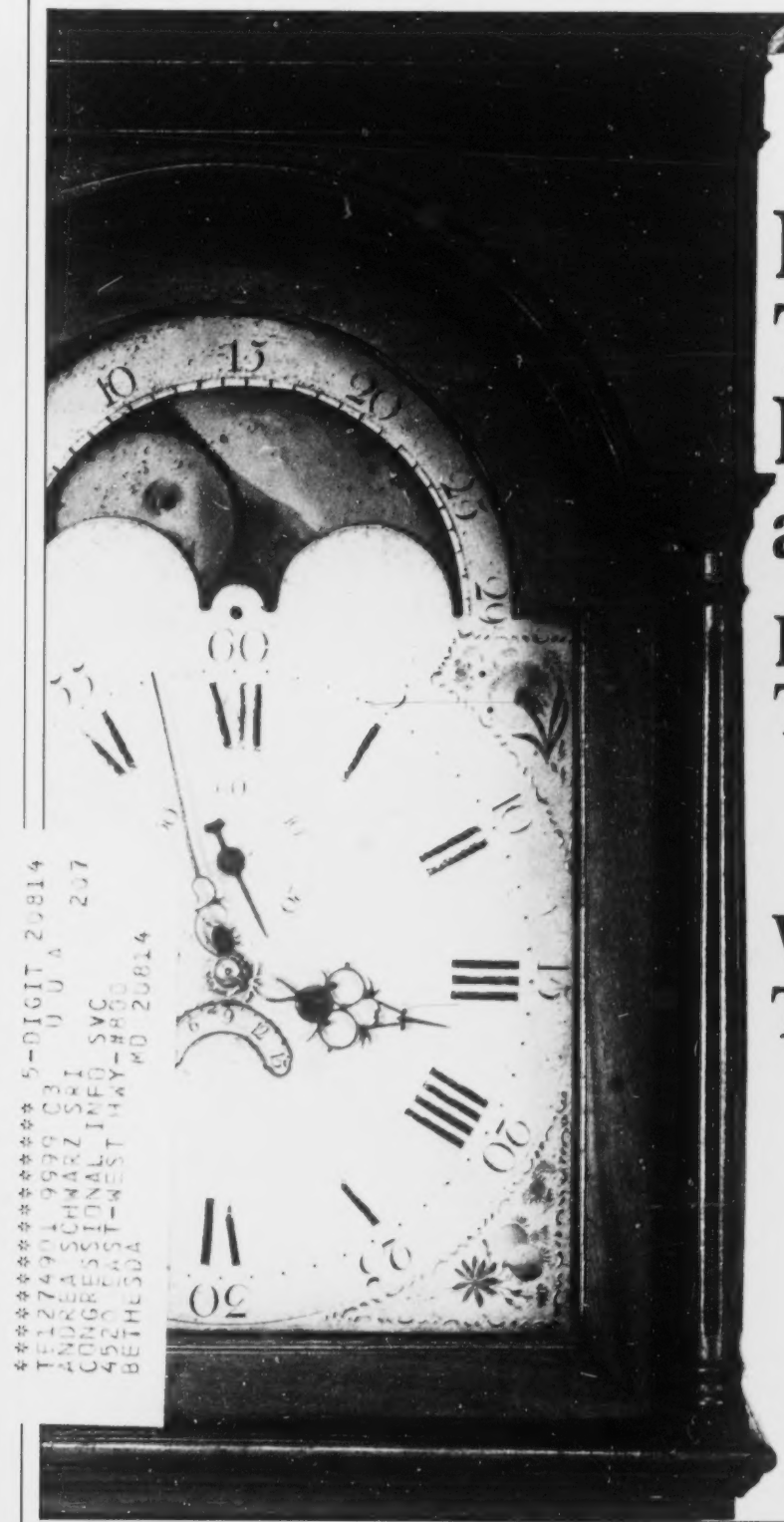

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Bringing Together the Past, Present and Future:

Post-Mortem Tax Tools

When Does a Trust Terminate?

Volume 125, No. 12 DECEMBER 1986
Estate Planning and Administration Since 1904

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COVER

The new tax law, which takes effect next month, is not expected to drastically change trust and estate planning techniques. But planners can expect a smaller amount of tax savings. This issue will forecast and explain the law's effects.

Cover photo courtesy of Sotheby's New York, N.Y.

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Trends & Developments

Tax Reform to Test Charitable Giving

Tax reform will put the theory of charitable giving to the test. Just how philanthropic will America be without tax incentives?

Harvard University Professor Lawrence Lindsey answers that question in rather bleak terms. Charitable giving will drop by $11 billion next year, according to research he has conducted. Last year, Americans donated a record $79.84 billion to the nation's 300,000 gift-supported organizations, institutions and agencies, but the incentive cut will result in a 17 percent decrease in the coming year if Lindsey's projections are correct.

Lindsey's research predicts that, of the expected $11 billion drop, $6 billion will come from the expiration of the charitable deduction for nonitemizers, $4 billion from the reduction of marginal tax rates, and $1 billion from the inclusion of gifts of appreciated property in the alternative minimum tax. Losses to social subsectors are detailed in Table 1.

James A. Joseph, president of the Council on Foundations, recently expressed his disappointment at the outcome of the Foundation's battle to maintain advantages for charitable donors. "In their commitment to reach a consensus on a fair and equitable tax package," Joseph said, "Congress did not give due consideration to the long-range impact of a tax code which does not provide optimal and reasonable incentives for charitable giving.

"Organized philanthropy," he continued, "will have fewer resources to contribute to important private sector projects at a time when private sector dollars are being sought to compensate for reductions in federal, state, and local budgets. Organized philanthropy cannot be expected to expand its giving when fewer resources are available." Joseph vowed, however, to continue the quest for more generous tax breaks for charitable givers. "Once we can give further thoughtful and judicious analysis of the critical role which the philanthropic community and charitable giving play in our society," he said, "the need to change will be clearly evident."

Table 1

Social Costs of TRA

Religion	-$5.24 billion
Education	-$1.58 billion
Social	-$1.18 billion
Health	-$1.58 billion
Cultural	-$ .68 billion
Other	-$ .68 billion
Total	-$10.94 billion

Accountants fare well in National Survey

Accountants have a very good reputation throughout the country, according to a recent Harris Poll. In fact, the results noted that "the accounting profession is among the best regarded institutions in the country."

Lou Harris himself showed up at 99th annual meeting of the American Institute of Certified Public Accountants (AICPA) in Kansas City to deliver the results of the poll, which was conducted by telephone between mid-June and August this year. The survey measured the attitudes of the general public and also divided the respondents up into different categories. Over 100 probe areas were covered, and the results were compared with a similar test conducted in 1983.

A special leadership group — comprised of top executives, attorneys, key state and federal officials dealing with financial issues, academics in accounting and other related fields, as well as seven other categories — was developed to factor in the opinions of those with expertise. This group ranked CPAs first in terms of ethics and morals among the leadership professions.

The leadership group gave CPAs a 90 percent positive rating, compared with 81 percent for college professors, 78 percent for bankers and 78 percent for doctors. Editors of newspapers and magazines also received positive ratings, while other groups received mixed or negative ratings.

The poll reveals that 80 percent of all groups believe "the accounting profession needs to be better understood." Nevertheless, three out of every four respondents are convinced that "the accounting profession is performing better today than it ever has."

Confronted with three different tax situations, respondents were asked whether they would consult a CPA or a tax lawyer. On a special tax return preparation problem, overwhelmingly, all of the major samples would go to a CPA. On a special tax planning problem or when tax authorities raised questions about a tax return, most would go to a CPA first.

LUTC Offers Courses

The Life Underwriter Training Council (LUTC) will offer two sales skill training courses nationwide, starting the week of February 9, 1987. For the first time, both the Financial Planning Skills and the Multiline Skills Courses will be offered nationally.

To qualify for the Financial Planning Skills Course, a 13-week session which introduces the concept of integrating the sale of financial products with life insurance, life and NASD licenses are required. The Multiline Skills Course is also a 13-week sales skill training program, but it is designed for the life underwriter who markets property and casualty products. Students must possess both life and property/casualty licenses.

Enrollment deadline for each course is January 30, 1987.

— Emory Thomas

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